

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 EB-11 COME-00 TRSE-00 INT-08 SCEM-02

SCI-06 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00

NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20 USIA-15 OMB-01

DRC-01 /127 W

----- 070813

R 211545Z DEC 73

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 5822

INFO AMEMBASSY CARACAS

AMEMBASSY RATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

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E.O. 11652: N/A

TAGS: ENRG, CS

SUBJECT: ENERGY CRIS--RECOPE ROUND-UP

REF: SAN JOSE 4451

1. SUMMARY: COSTA RICA'S AUTOMOTIVE PETROLEUM
SHORTAGE APPEARS, AT LEAST FOR NOW, TO BE WITHIN CONTROLLABLE
LIMITS. END SUMMARY.

2. A BREAK IN RECOPE'S PIPELINE WAS REPAIRED ON
MONDAY NIGHT, DECEMBER 17, AND REGULAR DELIVERIES WERE
RESUMED ON
TUESDAY MORNING. RECOPE'S MANAGER,
PAUL COVERSTON, BELIEVES THAT THE TEMPORARY INTERRUPTION
IN DELIVERIES OCCASIONED BY THE BREAK WILL NOT AGGRAVATE
THE SHORTAGE PROBLEM, AS ENOUGH RESERVES HAD BEEN BUILT
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UP TO COVER THE INTERIM BETWEEN DELIVERIES. THE

EMBASSY'S EXPERIENCE IN OBTAINING GASOLINE IN SAN JOSE BEARS OUT THIS OPINION SO FAR.

3. THE FIRST ORDER OF REFINED GASOLINE TO BE PROVIDED UNDER THE CONTRACT WHICH MINISTER KOGAN NEGOTIATED WITH SHELL OF VENEZUELA WILL BE LOADED ON DECEMBER 23. DEPENDING ON THE CAPACITY OF THE SHIP, IT WILL CONSIST OF BETWEEN 115,000 TO 120,000 BARRELS, WHICH COVERSTON SAYS WILL BE DIVIDED INTO ABOUT 80,000 BARRELS OF DIESEL AND 40,000 BARRELS OF GASOLINE.

4. IN ANOTHER DEVELOPMENT, RECOPE HAS ANNOUNCED THAT IT MAY BE ABLE TO REFINES JET FUEL IN THE NEAR FUTURE. LACSA CURRENTLY HAS A SAMPLE OF RECOPE'S PRODUCT WHICH IT WILL HAVE TESTED SINCE RECOPE DOES NOT HAVE THE FACILITIES TO RUN THE APPROPRIATE TESTS ITSELF. COVERSTON BELIEVES THAT RECOPE HAS BEEN CAPABLE OF PRODUCING JET QUALITY KEROSENE ALL ALONG. IF THE TEST OF THE SAMPLE PROVES HIM OUT, COVERSTON FEELS THAT RECOPE WILL BE ABLE TO SUPPLY ALL OF LACSA'S NEEDS AND PROBABLY SUPPLY PAN AM AS WELL. THIS WOULD MEAN A SHIFT IN SOME DIESEL PRODUCTION INTO KEROSENE, WHICH COVERSTON SAYS POSES NO PROBLEM. PRESUMABLY, HOWEVER, THE GOCR'S CONTINUED ABILITY TO IMPORT DIESEL WOULD INFLUENCE ANY DECISION TO MAKE SUCH A SHIFT.

5. MINISTER KOGAN, IN A STATEMENT PUBLISHED IN NOVEMBER 19 PRESS, LENT REDENCE TO AN ACCUSATION MADE BY JAPDEVA'S HERNAN GARRON OVER THE WEEKEND (SEE REFTTEL) TO THE EFFECT THAT THE DISTRIBUTORS HAVE BEEN LOWERING THE QUALITY OF GASOLINE PURCHASED FROM RECOPE AND SOLD TO SERVICE STATIONS WHILE CHARGING THE STANDARD PRICE. IT APPEARS THAT GAS MAY INDEED BE REGULARLY ADULTERATED. IN THE PRESS ACCOUNT, KOGAN STATED THAT HE WAS NOT SURE WHO IS TO BLAME, THE DISTRIBUTORS OR THE FILLING STATIONS. IN A GATHERING OF THE DISTRIBUTORS CALLED BY KOGAN ON THE PREVIOUS EVENING OF DECEMBER 18-- FOR NO OTHER APPARENT PURPOSE THAN TO SHOW THAT KOGAN COULD BE NICE TO THEM--THE MINISTER IS SAID TO HAVE REPORTED LIMITED OFFICIAL USE

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THAT 55 SERVICE STATIONS, E.E. APPROXIMATELY 25 PERCENT OF ALL STATIONS IN COSTA RICA, WERE CURRENTLY BEING INVESTIGATED. TWO OF THE U.S. DISTRIBUTORS CONTACTED BY AN EMBOFF EXPLAINED THAT THIS PROBLEM IS NOT NEW AND THAT, GIVEN THE PRICE DIFFERENTIAL BETWEEN DIESEL AND GAS, THE INCENTIVE TO CHEAT A BIT WAS HARD TO CONTROL. ACCORDING TO THESE DISTRIBUTORS ADULTERATION COULD TAKE PLACE AT THE SERVICE STATION, OR BY THE TANK

TRUCK DRIVER, OR EVEN AT RECOPE ITSELF. RECOPE'S COVERSTON LAID MUCH OF THE BLAME ON THE TRUCK DRIVERS-- SOME OF WHOM WORK DIRECTLY FOR THE DISTRIBUTORS AND SOME OF WHOM WORK UNDER CONTRACT--SAYING THAT FOR YEARS THEY HAVE BEEN PUTTING FROM 10 PERCENT TO 20 PERCENT DIESEL INTO THE GASOLINE THEY DELIVER AND POCKETING THE DIFFERENCE. WHOEVER THE CULPRITS ARE, IT REMAINS TO BE SEEN IF ALL THE FACTS WILL BE BROUGHT TO LIGHT OR IF KOGAN INTENDS TO USE THIS ACCUSATION AS PART OF A CAMPAIGN OF INSINUATION IN EFFORTS TO DISCREDIT THE DISTRIBUTORS IN PREPARATION FOR THE ISSUANCE OF MARCHING ORDERS. SO FAR, AT LEAST, KOGAN SEEMS TO BE LEANING ON THE SERVICE STATIONS AS HEAVILY, IF NOT MORE SO, THAN ON THE DISTRIBUTORS.

6. ACCORDING TO AN AS YET UNCONFIRMED PRESS ACCOUNT, THE PRICE OF GASOLINE WILL BE RAISED BY AT LEAST 50 COSTA RICAN CENTS A GALLON AFTER THE FEBRUARY ELECTIONS. IT IS ALSO POSSIBLE THAT DIESEL PRICES WILL GO UP, BUT, IF SO, PROBABLY BY A PROPORTIONATELY LOWER AMOUNT. THERE IS ALSO TALK OF STILL ANOTHER INCREASE IN PRICE FOR GASOLINE ALONE AFTER SIX MONTHS. GASOLINE AND DIESEL PRICES WERE LAST RAISED THREE MONTHS AGO TO COLONES 3.50 FOR DIESEL AND COLONES 4.50 FOR GASOLINE.
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